



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
TE/GE – EO Mandatory Review
1100 Commerce Street, MC 4920-DAL
Dallas, TX 75242

Number: 200829039

Release Date: 7/18/2008

UIL: 501.03-01

LEGEND

ORG = Organization name XX = Date Address = address

Date: March 27, 2008

ORG
ADDRESS

Employer Identification Number:

Person to Contact:
Identification Number:
Contact Telephone Number:
In Reply Refer To:

TE/GE Review Staff

**LAST DAY FOR FILING A
PETITION WITH TAX COURT:**

June 25, 20XX

CERTIFIED MAIL

Dear :

This is a final adverse determination that you do not qualify for exemption from income tax under section 501(a) of the Internal Revenue Code (I.R.C.) as an organization described in I.R.C. section 501(c)(3). Internal Revenue Service recognition of your status as an organization described in I.R.C. section 501(c)(3) is revoked, effective March 1, 20XX. Our adverse determination is made for the following reason(s):

You have not established you are operated exclusively for charitable, educational, scientific, or religious purposes because you failed to comply with the IRS's requests for information to determine if you still qualify for tax exempt status under IRC 501(c)(3).

Contributions made to you are no longer deductible as charitable contributions by donors for purposes of computing taxable income for Federal income tax purposes. See Rev. Proc. 82-39 1982-2 C.B. 759, for the rules concerning the deduction of contributions made to you between March 1, 20XX and the date a public announcement, such as publication in the Internal Revenue Bulletin, is made stating that contributions to you are no longer deductible.

You are required to file income tax returns on Form 1041 and 1120 for all years beginning after February 28, 20XX. Returns for the years ending January 31, 20XX, January 31, 20XX, and January 20XX must be filed with this office within 60 days from the date of this

letter, unless a request for an extension of time is granted. Send such returns to the following address:

Tax returns for subsequent years are to be filed with the appropriate Campus identified in the instructions for those returns.

If you decide to contest this determination in court, you must initiate a suit for declaratory judgment in the United States for the District of Columbia before the 91st day after the date this determination was mailed to you. Contact the clerk of the appropriate court for rules for initiating suits for declaratory judgment. . You may write to the Tax Court at the following address:

The processing of income tax returns and assessment of any taxes due will not be delayed because a petition for declaratory judgment has been filed under I.R.C. section 7428.

The last day for filing a petition for declaratory judgment is March 27, 20XX.

If you have questions about this letter, please write to the person whose name and address are shown on this letter. If you write, please attach a copy of this letter to help identify your account. Keep a copy for your records. Also, please include your telephone number and the most convenient time for us to call, so we can contact you if we need additional information.

You also have the right to contact the office of the Taxpayer Advocate. However, you should first contact the person whose name and telephone number are shown above, since this person can access your tax information and can help you get answers. You can call and ask for Taxpayer Advocate assistance. Or you can contact the Taxpayer Advocate office located nearest you by calling or writing to: Internal Revenue Service, Taxpayer Advocates Office.

Taxpayer Advocate assistance cannot be used as a substitute for established IRS procedures, formal appeals processes, etc. The Taxpayer Advocate is not able to reverse legal or technically correct tax determinations, nor extend the time fixed by law that you have to file a petition in the United States Tax Court. The Taxpayer Advocate, can, however, see that a tax matter, that may not have been resolved through normal channels, gets prompt and proper handling.

We will notify the appropriate State officials of this action, as required by I.R.C. section 6104(c).

This is a final revocation letter.

Sincerely,

Marsha A Ramirez
Director, EO Examinations



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Mail Stop 1112, P.O. Box 12307
Ogden, UT 84412

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

LEGEND

ORG = Organization name

XX = Date

Address = address

May 21, 2007

Taxpayer Identification number:

Form(s):

990-PF

Tax Year(s) Ended:

ORG

ADDRESS

Person to Contact/ ID Number:

Contact Numbers:

Telephone:

Fax

Certified Mail – Return Receipt Requested

Dear :

We have enclosed a copy of our report of examination explaining why we believe revocation of your exempt status under section 501(c)(3) of the Internal Revenue Code (Code) is necessary.

If you accept our findings, take no further action. We will issue a final revocation letter.

If you do not agree with our proposed revocation, you must submit to us a written request for Appeals Office consideration within 30 days from the date of this letter to protest our decision. Your protest should include a statement of the facts, the applicable law, and arguments in support of your position.

An Appeals officer will review your case. The Appeals office is independent of the Director, EO Examinations. The Appeals Office resolves most disputes informally and promptly. The enclosed Publication 3498, *The Examination Process*, and Publication 892, *Exempt Organizations Appeal Procedures for Unagreed Issues*, explain how to appeal an Internal Revenue Service (IRS) decision. Publication 3498 also includes information on your rights as a taxpayer and the IRS collection process.

You may also request that we refer this matter for technical advice as explained in Publication 892. If we issue a determination letter to you based on technical advice, no further administrative appeal is available to you within the IRS regarding the issue that was the subject of the technical advice.

If we do not hear from you within 30 days from the date of this letter, we will process your case based on the recommendations shown in the report of examination. If you do not protest this proposed determination within 30 days from the date of this letter, the IRS will consider it to be a failure to exhaust your available administrative remedies. Section 7428(b)(2) of the Code provides, in part: "A declaratory judgment or decree under this section shall not be issued in any proceeding unless the Tax Court, the Claims Court, or the District Court of the United States for the District of Columbia determines that the organization involved has exhausted its administrative remedies within the Internal Revenue Service." We will then issue a final revocation letter. We will also notify the appropriate state officials of the revocation in accordance with section 6104(c) of the Code.

You have the right to contact the office of the Taxpayer Advocate. Taxpayer Advocate assistance is not a substitute for established IRS procedures, such as the formal appeals process. The Taxpayer Advocate cannot reverse a legally correct tax determination, or extend the time fixed by law that you have to file a petition in a United States court. The Taxpayer Advocate can, however, see that a tax matter that may not have been resolved through normal channels gets prompt and proper handling. You may call and ask for Taxpayer Advocate Assistance. If you prefer, you may contact your local Taxpayer Advocate at:

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Marsha Ramirez
Director, EO Examinations

Enclosures:
Publication 892
Publication 3498
Report of Examination

Form 886-A (Rev. January 1994)	EXPLANATION OF ITEMS		Schedule number or exhibit 0001
Name of taxpayer ORG	Tax Identification Number	Year/Period ended February 28, 20XX, 20XX, and 20XX	

LEGEND

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 XYZ = State Employee = employee Employee-2 = 2nd employee

Primary Issue:

Whether the ORG tax exempt status under IRC Section 501(c)(3) should be revoked because:

- 1) The organization failed to provide necessary information to complete an examination to ensure compliance with exemption requirements.
- 2) The organization failed to file the required returns for the above tax periods.

Facts, Primary Issue:

The ruling date the IRS recognized exemption, under Section 501(c)(3) of the Internal Revenue Code, is August 19XX.

This examination came about as part of a project examining organization's that had not filed their Forms 990PF. The organization failed to respond to the correspondence sent by the Service in the attempts to obtain required Forms 990PF, and information to perform an examination of Forms 990PF for the above tax periods.

Exhibit A provides copies of the internal Revenue Service Correspondence to Exempt Organization (EO) or Power of Attorney (POA) requesting that the Exempt Organization file the Form 990 for the tax periods ending February 28, 20XX, 20XX, 20XX.

Summary of Exhibit A- Contact detail:

- 09-13-XX - The IRS initially contacted the organization, as a compliance check, requesting that the organization file the required return, Form 990PF, for tax periods ending February 28, 20XX, 20XX and 20XX.
- 11-02-XX - The IRS sent 10 day follow up letter certified again requesting the organization to file the required returns, Form 990PF. This letter was mailed to the PO Box address along with the location address.
- 12-06-XX - IRS received certified receipt back from PO Box address signed, indicating the organization received letter dated 11-02-05.
- 12-06-XX - IRS remailed the 10-day follow up letter to the location address.
- 01-27-XX - IRS Agent sent organization initial examination letter-Letter 4055 with request for information, because no response or required returns were received during compliance check. Accurant and Superpages.com were researched for phone number. No information available.
- 03-15-XX - No response from organization. IRS Agent mailed follow up letter certified to PO Box address and location address- which is listed on IDRS.
- 04-06-XX - IRS agent received the letter back from location address as "undeliverable". Agent still waiting for information concerning other letter that was sent certified to PO Box address.

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- 06-08-XX - IRS agent received original letter back from PO Box address which showed the "OTHER" box was marked on the outside of the envelope. Information on the envelope verified that three attempts were made in order to deliver the certified letter.
- 09-20-XX- IRS agent sent 10-day follow up letter to another address for organization which was found on the Exempt Determination System. Letter was sent certified.
- 09-20-XX- Form 4759-Postal Tracer was sent for address of Address, City XYZ address, Address, City XYZ address, and Address, City XYZ.
- 09-28-XX- IRS agent received Form 4759 back from United States Postal Service showing the address of Address, City XYZ. It stated that organization was "Not Known at address given."
- 10-02-XX- IRS agent received Form 4759 back from United States Postal Service showing the address of Address, City XYZ. It stated that organization was "Not known at address given". Form 4759 also received for address of Address, City XYZ. It stated "Mail is Delivered to Address Given". Also a notation on Form 4759 on Boxholders Street Address was listed the address of Address, City XYZ.
- 10-05-XX- IRS agent sent 10 day follow up letter with copies of previous letters to address of Address, City XYZ. Letter was sent certified and was signed for. It appears to have been signed by a Employee.
- 11-29-XX- Received 10-day letter back from Exempt Determination System address as "unclaimed", Information on the envelope verified that three attempts were made in order to deliver the certified letter.

The organization has failed to provide response to our correspondence. The organization has failed to provide the required Form 990PF for the above tax periods. The Service was unable to obtain a telephone number for the organization or any other address. The signed certified receipt that was received by the Service on 12-06-XX was signed by Employee-2. Employee-2 has been determined to be the contact person for the organization.

Law, Primary Issue:

Section 6033(a)(1) of the Code provides, except as provided in section 6033(a)(2), every organization exempt from tax under section 501(a) shall file an annual return, stating specifically the items of gross income, receipts and disbursements, and such other information for the purposes of carrying out the internal revenue laws as the Secretary may by forms or regulations prescribe, and keep such records, render under oath such statements, make such other returns, and comply with such rules and regulations as the Secretary may from time to time prescribe.

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Section 6001 of the Code provides that every person liable for any tax imposed by the Code, or for the collection thereof, shall keep adequate records as the Secretary of the Treasury or his delegate may from time to time prescribe.

Treas. Reg. § 1.6001-1(a) in conjunction with **Treas. Reg. § 1.6001-1(c)** provides that every organization exempt from tax under IRC § 501(a) and subject to the tax imposed by IRC § 511 on its unrelated business income must keep such permanent books or accounts or records, including inventories, as are sufficient to establish the amount of gross income, deduction, credits, or other matters required to be shown by such person in any return of such tax. Such organization shall also keep such books and records as are required to substantiate the information required by IRC § 6033.

Section 1.6001-1(e) of the regulations states that the books or records required by this section shall be kept at all time available for inspection by authorized internal revenue officers or employees, and shall be retained as long as the contents thereof may be material in the administration of any internal revenue law.

Section 1.6033-1(h)(2) of the regulations provides that every organization which has established its right to exemption from tax, whether or not it is required to file an annual return of information, shall submit such additional information as may be required by the district director for the purpose of enabling him to inquire further into its exempt status and to administer the provisions of subchapter F (section 501 and the following), chapter 1 of the Code and section 6033.

Rev. Rul. 59-95, 1959-1 C.B. 627, concerns an exempt organization that was requested to produce a financial statement and statement of its operations for a certain year. However, its records were so incomplete that the organization was unable to furnish such statements. The Service held that the failure or inability to file the required information return or otherwise to comply with the provisions of section 6033 of the Code and the regulations which implement it, may result in the termination of the exempt status of an organization previously held exempt, on the grounds that the organization has not established that it is observing the conditions required for the continuation of exempt status.

In accordance with the above cited provisions of the Code and regulations under IRC 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to the filing of a complete and accurate annual information (and other required federal tax forms) and the retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax.

Government's Position, Primary Issue:

In accordance with the above-cited provisions of the Code and regulations under sections 6001 and 6033, organizations recognized as exempt from federal income tax must meet certain reporting requirements. These requirements relate to:

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- 1) The filing of a complete and accurate annual information (and other required federal tax forms);
- 2) The retention of records sufficient to determine whether such entity is operated for the purposes for which it was granted tax-exempt status and to determine its liability for any unrelated business income tax; and
- 3) The availability of these records for inspection by authorized internal revenue officers or employees.

The organization failed item #1, to file a complete and accurate annual information return, by failing to file their Form 990PF; and failed item #3, to make available the records for inspection by authorized internal revenue officers or employees, by refusing to provide the necessary information as requested, and refusing to respond to the efforts of the Service to obtain necessary information. Therefore, item #2 has also been failed in that it could not be determined to have been met.

It is the IRS's position that the organization's exempt status should be revoked based on, according to Revenue Ruling 59-95, 1959-1 C.B. 627 (as stated above), "the grounds that the organization has not established that it is observing the conditions required for the continuation of exempt status".

Taxpayer's Position, Primary Issue:

Due to the lack of response, the organization's position is unknown. If the organization wishes to have its position represented here they must submit a written statement explaining their position.

Conclusion, Primary Issue:

The Government concludes that ORG does not qualify for exemption from Federal income tax under IRC § 501(c)(3). As a result of this finding, the organization's exempt status is revoked effective March 1, 20XX. The organization will be subject to the income tax imposed by IRC § 11 and is required to file Forms 1120, *U.S. Corporation Income Tax Return*, for all tax periods ending after March 1, 20XX.